



London Borough of Enfield

Report Title	Council Tax Support Scheme Consultation 2024/25
Report to	Cabinet
Date of Meeting	13 th September 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Sally Sanders – sally.sanders@enfield.gov.uk
Ward(s) affected	
Key Decision Number	Non Key
Classification	Part 1 Public
Reason for exemption	N/A

Purpose of Report

1. This report sets out proposals to reduce the cost of the 2024/25 Council Tax Support Scheme to bring the total cost closer to the London average, the current costs being the highest in London. Agreement of the proposal is required by Cabinet to start the 12-week public consultation from September to December 2023 to meet the time needed for the required consultation period, after which a decision on the Council Tax Support scheme for 2024/25 is made at February 2024 Cabinet/Council.

Recommendations

2. That Cabinet agrees to consult on the proposal to amend Enfield's 2024/25 Council Tax Support scheme by:
 - Restricting council tax support to a maximum Band C council tax liability
 - Introducing a minimum non-dependant deduction for most households with other adults living in the property and increasing the current deductions by 20%
 - Standardising the minimum payment for most working age claimants at 50% (excluding war widows and single people under 25 including care leavers)
 - Providing an additional £1m funding for the hardship scheme to target support the most vulnerable

Reason for Proposal

3. The Council must adopt the same or new scheme by 11 March of the preceding financial year to which the scheme will apply. The reasons for the proposed change are set out in the report below.

Background and Options

4. As part of 2010 spending review the Government announced its intention to localise support for Council Tax from 2013/14 and reduce expenditure by 10%. This would replace Council Tax Benefit, a nationally funded scheme which allowed households in receipt of out of work benefits to receive 100% council tax benefit and therefore not have to pay council tax. The Local Government Finance Act 2012 introduced Council Tax Support. In 2013/14 the government provided the Council with £25m to finance this scheme, since this time, Council funding levels have reduced by 32% and at the same time the total cost of the scheme has grown to £40.8m. This means that unlike other universal benefits which are funded from central government, Council Tax support is financed by Councils, through a combination of council tax, business rates and the balance of the original govt grant. The delays in reviewing the way Councils are funded, called the Fair Funding review, means that our funding levels do not reflect the current population demographic need.
5. Council Tax Support is awarded as a reduction on a council taxpayers bill, like a discount or exemption, so the customer pays less. The scheme has two parts – a statutory scheme for pensioners and a non-statutory scheme that covers working age population. These proposals impact on the non-statutory elements of the scheme.
6. The total scheme costs of £40.8m consist of the discretionary scheme costs of £29.2m and statutory scheme of £11.6m. When taking account of the council tax increases, the discretionary scheme costs have

disproportionately increased whilst the statutory scheme costs have reduced.

7. In addition, support is provided through a team of Welfare and Debt advisers to over 3,000 residents a year; a Discretionary Council Tax Welfare fund of £0.4m this year and grant is also provided to voluntary sector partner, the Citizens Advice Bureau to provide benefit advice.

Financial Context

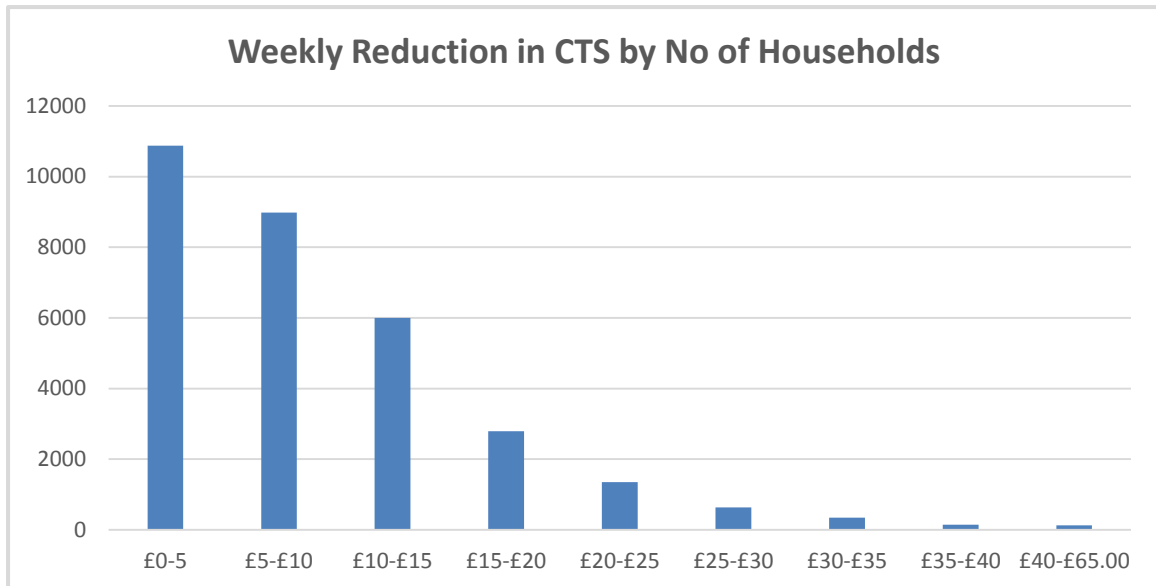
8. The 2024/25 budget gap of £39.4m is challenging position but the Council is committed to remaining financially resilient. The budget gap is driven through the impact of the general economic environment on temporary accommodation costs, inflation, pay award driven by inflation for staffing and care contracts, demographic growth demand in social care adding pressure to an already stretched budget.
9. Alongside these pressures, the lack of government funding to contribute towards these costs, following over a decade of making savings is exacerbating this challenging financial position.
10. The current discretionary element of the current Council Tax Support scheme has become unaffordable in the current budget. The total cost of the scheme as of 31st May 2023 was £40.8m (36.5k cases) representing one of the largest areas of council expenditure. Children's and Adults Social care budgets total £150m (or 52% of total council net budget). In July 2022, the total cost of the scheme was £38.5m (35.5k cases). The cost of the non-statutory working age scheme (29k cases) was £29.2m. The cost of the statutory pensioner scheme is £11.6m (7.6k cases). The percentage cost of Council Tax Support scheme (including the Greater London Authority share) as a proportion of the Council's net budget is 14.24%. Without changes, the scheme costs could rise above £50m by May 2026. This report proposes changes to our Council Tax Support Scheme. Savings that the scheme generates will contribute towards Enfield's medium-term revenue budget gap following the outcome of the consultation. In terms of the impact on a reduction in the Council Tax Support costs, the proposal is anticipated to generate a reduction in Council Tax Support scheme costs of up to £15m. After considering the Greater London Authority share of council tax income (currently 22.3% £3.3m) and estimating other costs associated with implementing the proposal (this includes staffing, administration, providing for an additional hardship contribution and providing for non-payment) £4.4m, the net saving to the Council is estimated to be £7.3m.
11. Appendix 2 shows the increasing proportion of the Council Tax Support discretionary scheme element compared with the statutory scheme. Appendix 3 compares Enfield Council Tax Support spend to London and neighbouring boroughs.

2024/25 Council Tax Support scheme principles

12. The Council Tax Support Scheme for Enfield is based on the previous Council Tax Benefit Scheme. The 2024/25 scheme will be based on the principles below:
- Ensuring everyone in the household makes a fair contribution towards funding local services via the council tax
 - Those living in larger properties should not receive greater levels of support than those occupying smaller properties
 - The Scheme provides targeted support for the most vulnerable through the Council Tax Support hardship fund

What are the proposals to amend the Council Tax Support scheme in 2024/25?

13. Enfield currently has four distinct financial assessments within the overall scheme:
- The statutory scheme for pensionable age claimants
 - The Council's scheme to protect the disabled, carers, and care leavers from making the minimum payment
 - The financial assessment for working age households still in receipt of legacy benefits e.g., Income Support
 - The banded income financial assessment for working age households in receipt of Universal Credit
14. There are three changes to the current scheme which are combined into a single proposal:
- Restricting the Council Tax Support to a maximum Band C council tax liability
 - Introducing a minimum non-dependant deduction for most households with other adults living in the property
 - Introducing a standard minimum payment for most working age households, excluding war widows and single under 25's (includes care leavers) to ensure the majority contributes to their council tax.
15. Example calculations of the proposed changes are shown at appendix 1. This next section will outline the three elements of the proposal and the groups of residents impacted by the proposal for consultation. The table below shows the proposed weekly reduction in Council Tax Support by households in the Borough.



16. Based on the current live caseload on 31st July 23, 29,105 working age households will be impacted by this change; the degree of impact will depend on the household situation.
17. On average residents will be expected to pay £8.84 more a week towards their council tax bill. It is estimated, if these proposals are agreed, 10,500 households (33%), will be required to pay up to an additional £5 a week more council tax than currently.
18. A full Equality Impact Assessment (EQIA) has been undertaken and is shown at Appendix 4. The overall assessment of the proposed scheme indicates a significant negative impact across all working age claimants. Tables included within this report and appendix 4 provide analysis of how the protected characteristics are impacted and the proposed mitigations. This EQIA will be maintained during the consultation and decision process and updated accordingly.

Restricting council tax support to a maximum Band C council tax liability

19. Council Tax Support will be restricted to a Band C council tax liability. This means that households in higher banded properties would have their support reduced to the council tax liability level as if they occupied a Band C property. Example calculations are shown at Appendix 1. The number of households in properties by council tax band in receipt of Council Tax Support is set out below:
 - 2,201 residents in Band A
 - 4,731 residents in Band B
 - 11,117 residents in Band C

- 8,271 residents in Band D
- 2,262 households in Band E
- 439 households in Band F
- 83 households in Band G
- 1 household in Band H

Introducing a minimum non-dependant deduction for most households with other adults living in the property

20. An estimated 7,250 households have non dependants and will be impacted by this change of which 3,000 claims will have a deduction introduced as currently no deduction as either receiving out of work benefits or disregarded due to the claimant and/or partners circumstances (because of them being registered blind or receiving certain disability benefits). The proposal is to restrict the current range of non-dependants where a zero deduction is made to ensure most adults living in the property contribute towards the council tax.
21. This will include not working adults and pensioners in the financial assessment. Students, boarders, sub-tenants, and adults disregarded for council tax purposes will remain excluded from a deduction. An example calculation of the proposed non-dependant deduction is shown at Appendix 1. Appendix 6 shows the old and proposed deductions.

Introducing a standard minimum payment for all working age households to ensure everyone contributes to their council tax.

22. The proposal is to introduce one standard 50% minimum payment for all working age households. Example calculations are shown at Appendix 1. Appendix 7 shows the proposed income bands. Income bands will not be increased by inflation in line with social security/housing benefit annual percentage uprating.
23. This is a change from the current scheme, where there are two levels of minimum payment dependent on the households as set out below:
- A minimum payment of 24.5% is currently paid by 18,000 households who are working age and either out of work or in low paid work and receiving Universal Credit or a legacy benefit e.g., Income Support.
 - There is no minimum payment for 11,000 households, known as protected group, where:
 - The Claimant or partner in receipt of Carers Allowance
 - A Claimant or partner in receipt of High-Rate Disability Living Allowance (Mobility and Care component) or Enhanced Personal Independence Payments (Daily Living and Mobility Component)
 - A Claimant or partner in receipt of the support component of Employment and Support Allowance.
 - A Claimant or partner who are Foster Carers and who were recruited and trained by Enfield Council.
 - Carer element in UC (Universal Credit),
 - Limited Capacity for work- and work-related activity element,

- War Widows
- Care Leavers under 25 years old.

Summary of Changes

24. The table below aims to summarise the proposed changes:

	Who effected	Now	Proposed
Council Tax Banding	Impacts Band D and above – 11,000 Working Age Claims	Based on the banding of the home	Restricting the support to a maximum of Band C council tax
Non-dependent income	Households with other adults in property – 7,250 Working Age Claims	No non dep deduction if non dep gets out of work benefit No Non dep deduction regardless of income if claimant/partner getting certain disability bens Non dep ded rate based on working and other income	Introduce a minimum deduction of £5.52/wk. Remove claimant/partner circumstances disregard Increase all deduction rates by 20%
Minimum Payment	Everyone – 29,000 Working Age Claims	24.5% for those not protected 0% for protected groups	50% - same minimum payment for both groups

If implemented, what would the impact of the proposal impact be on residents?

25. The circumstances of households vary significantly, and circumstances change frequently so is not possible to provide details of the impact for all in April 2024. Based on current caseload most working age households will be impacted by this change. The chart below shows the number of Council Tax Support claims and potential range of financial loss on the weekly council tax due:

Household Type	Amount of Weekly CTS Claims will lose									Grand Total
	Less than £5 per Week	£5-£9.99	£10-£14.99	£15-£19.99	£20-£24.99	£25-£29.99	£30-£34.99	£35-£39.99	£40-£65.00	
Couple with 1 child	890	535	268	192	121	42	19	11	12	2090
Couple with 2 or more children	1445	1559	665	433	192	85	25	11	15	4430
Couple with no children	517	270	360	323	222	133	71	39	33	1968
Lone parent with 1 child	2571	1833	878	351	171	58	40	6	6	5914
Lone parent with 2 or more children	2438	2615	1127	580	191	56	32	15	10	7064
Single person	3023	2170	2699	909	449	260	158	60	51	9779
	10884	8982	5997	2788	1346	634	345	142	127	31245

26. Council Tax Support for pensioners will continue to apply to the whole council tax bill in accordance with the statutory Government scheme. A pensioner is someone who has reached the qualifying age for state pension credit. The proposal will impact working age households with a pensioner non dependant. There are less than 200 pensioner non-dependants who could potentially be included within the financial assessment for the first time and an estimated deduction of £5.52 will be made if the scheme is amended in 2024/25.

27. The proposal is likely to negatively impact households with protected characteristics. The Council does not hold comprehensive data within the financial assessment for gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief or sexual orientation. Disabled and carer households will definitely be negatively impacted as most households currently receive 100% council tax support. Households that do not have the ability to increase household income by working will be supported via the council tax support hardship scheme.

28. The age profile of residents is shown against the age profile of CTS (Council Tax Support) households is shown within the attached Equality Impact Assessment. There does not appear to be any over or under representation amongst any particular working age group which would require targeted interventions. There are twice the number of female

council tax support claimants than male (19,800 to 9,200). Single parent households may not have the ability to increase household income due to childcare issues. These households will also be supported via the council tax support hardship scheme.

29. The current Draft Equalities Impact Assessment is shown at Appendix 4. This will be further developed during and after the consultation if the proposal is agreed.

30. The Council is consulting on reviewing the scheme so that a reduction in the cost of the scheme can be considered as part of a range of budget savings to balance the Council's budget. However, the decision on this option will be considered in February 2024, following the outcome of the consultation and once government funding levels are known.

How will the Council seek to mitigate the impact of these proposals?

31. Specific measures to mitigate the impact of the change in scheme include:

- Increasing the discretionary Council hardship fund by £1m
- Increasing the Welfare Debt Advise Team staffing to provide advice
- Maintaining the Cost-of-Living information to get help with Housing costs, Debts and bills, Household Support Fund, Extra income, saving energy and help with food
- Applying the Council's Fair Debt and Income policy to the collection of council tax
- Provide one-to-one support for households on request during the consultation stage
- Consulting residents about the proposed changes and asking for their views on how to mitigate any impact

32. The Enfield's Welfare Advice & Debt Support Team is a service that helps to support vulnerable residents to maximise their income and get their full entitlement to welfare benefits, advice and assist to support residents with council debts such as rent arrears, Adult Social Care debt, Housing benefits overpayments and Council tax arrears/debt. For other debts residents can be offered a fast-track referral process to Citizens Advice. The aim is to holistically case manage the resident's situation.

What will be the proposed consultation process?

33. The Consultation process will be for 12 weeks from mid-September to December 2023. There are four ways in which individuals and representatives from organisations can get involved.

- Online questionnaire
- Hard copy questionnaire
- Email your feedback

- One-to-one sessions

34. The Council will directly email Council Tax Support households and voluntary sector groups to invite views on the consultation. Information regarding the consultation will be available at libraries as well as the Council website. The Council will consult the Greater London Authority separately as the statutory precepting authority

Preferred Option and Reasons for Preferred Option

35. The preferred option is Cabinet agree the proposal as the current scheme is unaffordable and that the decision of Cabinet then be the subject of a 12-week public consultation from September to December 2023. The consultation will include a no change option.

Relevance to Council Plans and Strategies

36. The Council Tax Support Scheme supports the cross-cutting themes of a modern council and a fairer Enfield

Financial Implications

37. This report proposes changes to our Council Tax Support Scheme. Any savings because of changes to the scheme will contribute towards Enfield's medium term revenue budget gap following the outcome of the consultation by increasing the level of Council Tax to income to support services.

38. In terms of the impact on a reduction in the Council Tax Support costs, the proposal is anticipated that the new scheme will cost £26m in total (statutory and discretionary), a reduction in the discretionary Council Tax Support scheme costs of up to £15m.

39. After considering the Greater London Authority share of council tax income, 22.3% £3.3m and other costs associated with implementing the proposal £3.4m and a £1.0m investment in the Council Tax Discretionary hardship scheme, the net saving to the Council is estimated to be £7.3m.

40. The calculations included in the report are based on estimates using the current Council Tax data and the current year (2023/24) Council Tax proportion split between Enfield and the Greater London Authority therefore the actual savings of the scheme are subject to change.

Legal Implications

41. [Section 13A](#) of the Local Government Finance Act 1992 ("the 1992 Act") requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by

persons, or classes of person, whom the billing authority considers are in financial need. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the 2012 Regulations”) prescribe matters which must be included in such a scheme in addition to those matters which must be included in such a scheme by virtue of paragraph 2 of Schedule 1A to the 1992 Act. The 2012 Regulations state that councils must make reductions for *certain classes* of pensioners. This does not include all pensioners. No other groups are required to receive reductions under the 2012 Regulations.

42. As the proposed Council Tax Support Scheme for 2024/2025 will be a revision or replacement of the current scheme there is an obligation to follow the statutory requirement to consult under the 1992 Act. The statutory duty to consult is mandatory if there is a replacement or revised scheme, proposed. The proposed 2024 2025 council tax support scheme is a revision/replacement of the current scheme. This report sets out that there are plans to adequately consult with persons and organisations that are likely to have an interest in the operation of the proposed scheme. In addition, to comply with the council’s Public Sector Equality duty (PSED) to have ‘due regard’ to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. They will support mitigation against any potential negative impacts to those persons with ‘protected characteristics’ under section 149 of the Equality Act 2010. A draft Equalities Act Impact Assessment (EQIA) at Appendix 4 supports the council’s ‘due regard’ duty and refers to how ‘protected persons’ and groups under the Equality Act 2010 may be affected and measures of how any negative impact will be mitigated. The statutory consultation period is planned for a 12-week period from September 2023 to December 2023. The EQIA also refers to the organisations that will be consulted and the methods of promoting the proposals and consultation to residents, community groups and organisations. The consultation measures under Appendix 4 supports that the council consults as widely and adequately, as possible.
43. Under paragraph 8 of the 1992 Act, a billing authority must have regard to any Guidance from the Secretary of State in exercising functions relating to schemes. Paragraph 5(4) requires any revision to, or replacement of, a scheme, which has the effect of a reduction or removal in support for a class of persons, to include transitional provision. Under the legislation, the council may not make in-year revisions and should include transitional arrangements where any changes have the effect of reducing or removing a reduction to which any class of persons was previously entitled. Legal implications drafted by Dina Boodhun Solicitor on 16.08.2023 for report dated received by legal services on 11.08.2023

Equalities Implications

44. A full Equality Impact Assessment (EQIA) has been undertaken and is

shown at Appendix 4. The overall assessment of the proposed scheme indicates a significant negative impact across all working age claimants. Tables included within this report and appendix 4 provide analysis of how the protected characteristics are impacted and the proposed mitigations. This EQIA will be maintained during the consultation and decision process and updated accordingly.

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Appendices

Appendix 1 – Proposed 2024/25 Council Tax Support Scheme – Example Calculations

Appendix 2 – The increasing proportion of the Council Tax Support discretionary scheme element compared with the statutory scheme

Appendix 3 – Enfield Council Tax Support spend compared to London and other neighbouring boroughs

Appendix 4 – Equalities Impact Assessment

Appendix 5 – Weekly amount of CTS lose by band

Appendix 6 – Non-Dependant Deductions 23/24 and 24/25 proposal

Appendix 7 – Proposed income bands at 50% minimum payment

Appendix 8 – Weekly amount of CTS lose by ward

Appendix 9 – Borough map showing areas of deprivation

Background Papers - N/A

Council Tax Support Scheme Consultation 2024/25 - September Cabinet Report

Appendix 1

Proposed Council Tax Support 2024-25 scheme example calculations

Example 1 – Affected by the maximum award change from 75.5% to 50% only.

Single claimant, Band C property, in receipt of UC but not working.

Minimum payment 24.5%

<u>Current Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band C less 25% single person discount	£24.89
Maximum eligible Council Tax Support at 75.5%	£18.79
Weekly Council Tax payable	£6.10

Minimum payment 50%

<u>Proposed Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band C less 25% single person discount	£24.89
Maximum eligible Council Tax Support at 50%	£12.44
Weekly Council Tax payable	£12.45

In this example under the proposed scheme the household will be entitled to a weekly CTS award of £12.44, as the maximum award has been decreased from 75.5% to 50%.

The customer will be paying £6.35 per week more towards their Council Tax liability than under the current scheme.

Example 2 – Affected by the maximum award change from 100% to 50% (previously protected) and the Band C restriction (Band D).

Single claimant, Band D property, in receipt of ESA IR and high-rate PIP (Personal Independence Payments).

Protected, Band D

<u>Current Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band D less 25% single person discount	£28.00
Maximum eligible Council Tax Support at 100% (protected)	£28.00
Weekly Council Tax payable	£0.00

Not protected, band C restriction, maximum award 50%

<u>Proposed Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band D less 25% single person discount	£28.00
Band C restriction less 25% single person discount	£24.89
Maximum award 50% (loss of protection)	£12.45
Weekly Council Tax payable	£15.55

In this example the customer will lose the protection, have the maximum support restricted to Band C and is affected by the maximum award of 50%.

The customer has not had to pay anything towards their Council Tax under the current scheme but will be paying £15.55 per week under the proposed CTS scheme.

Example 3 – Affected by the UC Banded scheme. The maximum award for a single claimant earning £200 per week is reduced from 30% to 20%, the Band C restriction (Band E) and non-dep changes (non-dep deductions increased by 20% and introduction of non-dep deductions if not working).

A claimant with 2 non-dependents, band E property, claimant in receipt of UC and earning £200 per week. One non-dependent working and earning £300 per week, the other non-dependent out of work and receiving out-of-work benefit.

Band E, one non-dep deduction

<u>Current Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band E	£45.64
Non-dependent deductions (£9.40 for working non-dep)	£9.40
Maximum award after non-dep deductions	£36.24
Maximum eligible support earning £200 per week 30% (minimum contribution of 70%)	£10.87
Weekly Council Tax payable	£34.77

Band C restriction, two non-dep deductions and 20% increase for working non-dep

<u>Proposed Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band E	£45.64
Band C restriction	£33.19
Non-dependant deductions (£11.28 for working non-dep and £5.52 for non-working non-dep)	£16.80
Eligible support after non-dep deductions	£16.39
Maximum eligible support earning £200 per week 20% (minimum contribution of 80%)	£3.28
Weekly Council Tax payable	£42.36

In this example the customer's eligible Council Tax Support will be restricted to a Band C. The customer will also be affected by a 20% increase in non-dependent deductions for one of the non-deps, and an introduction of a £5.52 per week deduction for the non-working non-dep on UC. Based on the claimant's earnings, the maximum eligible support has been reduced to 20% compared to 30% under the current scheme.

The customer will be paying £7.59 per week more towards their Council Tax liability than under the current scheme.

Example 4 – Affected by the UC banded scheme maximum award for a non-worker reduced from 75.5% to 50%, Band C restriction (Band F) and non-dependent deductions increase.

Single claimant in receipt of UC (not working). Band F, three non-dependents, one with no income, one getting out of work benefit and one earnings £200 / week.

Band F, two non-dep deductions

<u>Current Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band F	£53.94
Non-dependent deductions (£4.60 x2)	£9.20
Maximum award after non-dep deductions	£44.74
Maximum eligible Council Tax Support 75.5%	£33.78
Weekly Council Tax payable	£20.16

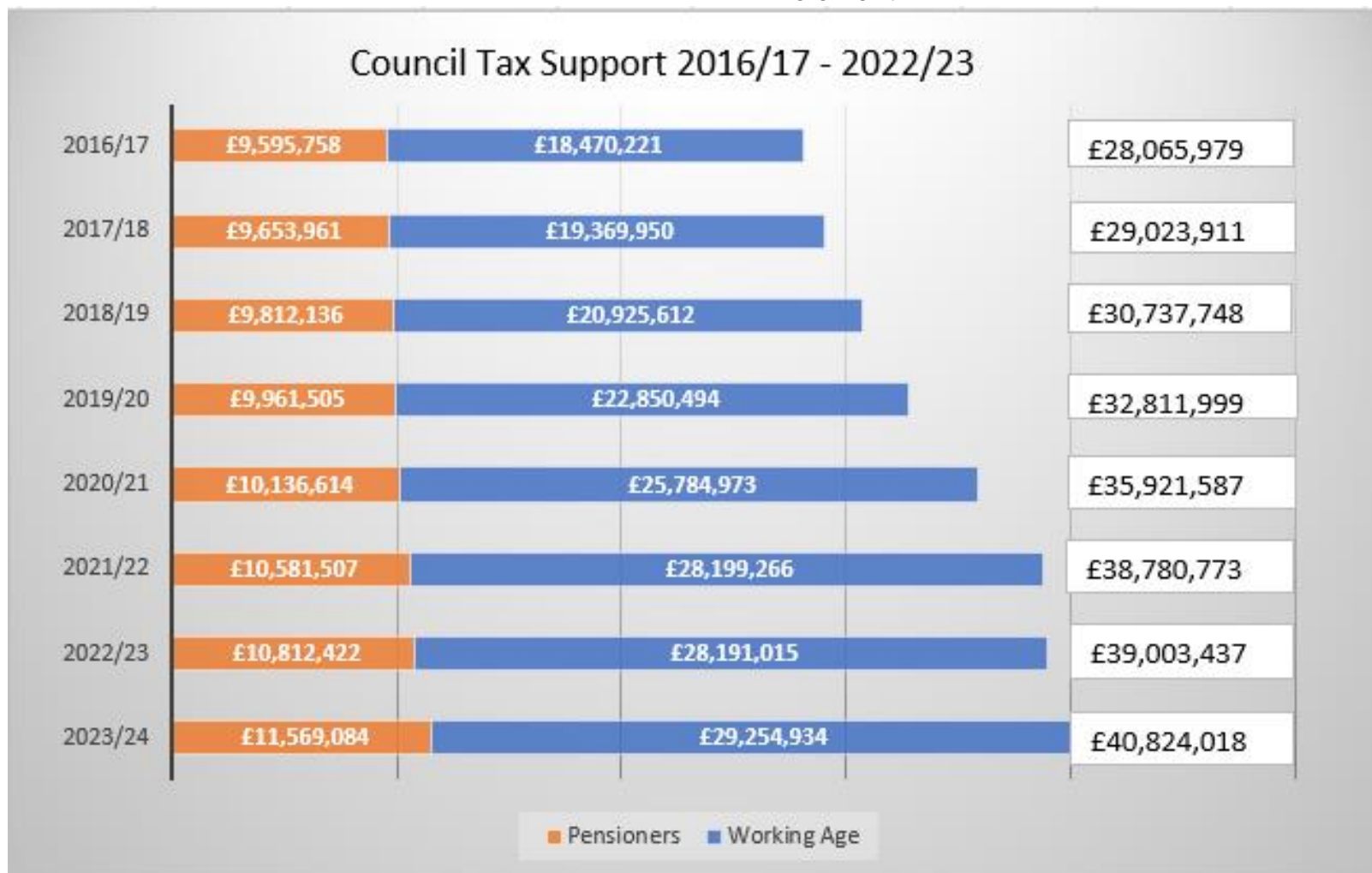
Band C restriction, three non-dep deductions

<u>Proposed Council Tax Support Scheme</u>	
Weekly Council Tax liability - Band F	£53.94
Band C restriction	£33.19
Non-dependent deductions (£5.52 x 3)	£16.56
Maximum award after non-dep deductions	£16.63
Maximum support 50%	£8.32
Weekly Council Tax payable	£45.62

In this example the customer’s eligible Council Tax Support will be restricted to a Band C. The customer will also be affected by a 20% increase in non-dependent deductions for two of the non-deps, and an introduction of a £5.52 per week deduction for the non-dep getting out of work benefit. Maximum eligible Council Tax Support reduced from 75.5% to 50%.

The customer will be paying £25.46 per week more for their Council Tax liability than under the current scheme.

Appendix 2 – The increasing proportion of the Council Tax Support discretionary element compared to the statutory element



Appendix 3 – Enfield Council Tax Support spend compared to London and other neighbouring boroughs

